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South Carolina House of Representatives

# Legislative Update

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Robert J. Sheheen, Speaker of the House

STATE DOCUMENTS

Vol. 11

April 5, 1994

No. 12

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OFFICE OF RESEARCH

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### House Week in Review

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This past week the House took a step toward improving access to health insurance by approving S. 541, the Small Group Health Insurance Availability Act, which promotes wider availability of health insurance for small businesses. This bill requires any insurer writing small group health insurance in South Carolina to guarantee issue health insurance coverage to any small group desiring to purchase it, regardless of the health status of its employees or their claims experience, and every insurer must offer at least two health insurance plans--a basic plan and a standard plan--with an advisory committee appointed by the governor recommending the form and level of coverages that would be made available from insurers under the basic and standard plans. The bill has been enrolled for ratification.

In other action last week, the House by a vote of 78-4 gave third reading to H. 4566, a bill to open South Carolina to nationwide interstate banking, and to H. 4351, the South Carolina Reverse Mortgage Act, which seeks to help elderly homeowners meet their financial needs by accessing the equity in their homes. Objections were placed to several bills, among them H. 3524, which lists provisions governing the commencement and termination of temporary disability benefits to employees; and H. 3631, which prohibits a health insurance policy or health maintenance organization from restricting a person's choice of pharmacist or from restricting the right of a pharmacist or pharmacy from participating as a provider. Additionally, H. 3765, a constitutional amendment to authorize a state lottery, was placed for the second time this year on the House contested calendar. The measure recently had been placed on the House uncontested calendar after several objections to the measure had been withdrawn.

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### Bills Introduced

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The following bills were introduced in the House last week. Not all bills introduced in the House are featured here. The bill summaries are arranged according to the committee to which the legislation was referred.

#### Education and Public Works

Establishment of Joint Legislative Committee to Study Higher Education (H. 4986, Rep. Townsend). This concurrent resolution establishes a joint legislative committee to study the governance, operation and structure of higher education in South Carolina. This committee would consist of 4 House members and 4 senators, with the House members appointed by the Speaker and the senators appointed by the Senate President Pro Tempore. In examining comprehensively the governance of higher education, the committee is to examine national trends and reform efforts in higher education and examine the lines of authority and the relationship between the boards of trustees of state higher education institutions and the Commission on Higher Education. While investigating how higher education opportunities are currently provided to South Carolina students, the committee is to examine the structures of higher education institutions at all levels, studying issues such as the degree of emphasis on research, teaching and service and the effects of priorities set forth by colleges and universities.

The committee is to conclude its work by June 30, 1995 by preparing a preliminary report of its findings. Regional public hearings on the findings are to be held by October 15, 1995. The committee's final report is to be submitted to the House Education and Public Works and Senate Education Committees by January 1, 1996, at which time the committee would be dissolved.

#### Judiciary

Alternate Means of Entering Satisfaction of Mortgage (H. 4983, Rep. Harrison). This bill provides an alternate method for entering satisfaction (i.e., cancellation, release and discharge) of a mortgage,



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deed of trust or other written instrument securing payment of property and being a lien on real property. Under these provisions, a mortgage, deed of trust or other written instrument recorded in counterparts does not require presentment of the original of the instrument, and satisfaction of it may be evidenced by an instrument of satisfaction, release or discharge. The instrument may be executed in counterparts or executed by the mortgagee, the holder of the mortgage, the legal representative or the attorney-in-fact.

### Medical, Military, Public and Municipal Affairs

Public Swimming Pools Owned and Operated by a Homeowners Association Exempt from Certain Requirements of State's Recreational Water Act (H. 5003, Rep. M.O. Alexander). This bill exempts public swimming pools owned and operated by a homeowners association which are used only by the permanent residents and their invited guests from annual operating permit requirements and water quality/safety requirements of the State's Recreational Waters Act, contingent on the homeowners' association submitting an application for the exemption to the Department of Health and Environmental Control on a form provided by that department. For purposes of these provisions, "homeowners' association" is defined as an association of owners incorporated under South Carolina laws as a nonprofit corporation for the purpose of management of residential real estate in a subdivision, development or condominium, or including operation of a swimming pool to serve the residents of a subdivision, development or condominium.

### Ways and Means

Employees of Community Action Agencies Eligible for Coverage Under State Health and Dental Insurance Plans (H. 4982, Rep. Kelley). This bill extends eligibility for coverage under the State's health and dental insurance plans to employees, retirees and their eligible dependents of community action agencies that receive funding from the Community Services Block Grant Program administered by the Governor's Office, Division of Economic Opportunity.

South Carolina Community Development Financial Institutions Act (H. 5000, Rep. T.C. Alexander). This bill is designed to increase access to credit and capital for development purposes in economically-struggling urban and rural communities in South Carolina by encouraging investment in community development financial institutions.

The bill defines a "community development financial institution" (CDFI) as a public/private partnership which, among other things, has a primary mission of promoting community development through the provision of credit, capital or development services to small businesses; combines a for-profit corporation with a nonprofit corporation to create a multi-

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investor community development corporation (CDC); and maintains a goal of providing a majority of its services to low-income individuals, minorities or females. An "investment" in a CDFI includes any advance of funds to a community development financial institution, whether by purchase of stock, the making of a loan, or otherwise. Banks and financial institutions chartered by South Carolina may invest in CDFI incorporated under South Carolina laws up to a maximum of 10 percent of total capital and surplus. The bill exempts a CDFI from any state income taxes which are now or may be hereafter levied by the State.

The bill also amends the definition of "South Carolina business" under the state's Palmetto Seed Capital Fund Limited Partnership Act, to include a for-profit or nonprofit corporation, among other entities, established and operating or will be established to operate in South Carolina. This Seed Capital Fund also may invest all or part of its monies in CDFI's.

Under these provisions, 50 percent of amounts invested in a CDFI may be claimed as a credit by a taxpayer against any state income tax, bank tax or premium tax due. The total amount of credits may not exceed in the aggregate \$5 million for all taxpayers and all taxable years, with the credit allowed to taxpayers in the order of the time of the making of the investments in CDFI's. A taxpayer qualifies for this credit upon obtainment of a certificate from the Department of Social Services (DSS) certifying that the (1) entity in which the funds invested is a CDFI and (2) credit taken or available will not exceed the aggregate \$5 million limitation of these credits when added to credits previously taken or available to other taxpayers making these investments. DSS is required to monitor investments made by taxpayers in CDFI's.

Finally, the bill allows DSS, from grant funds made available to it by the General Assembly or from other available grant funds, to make grants to CDFI's for use of these organizations consistent with their stated objectives. In the general appropriations act, the General Assembly may appropriate funds to DSS to be used by it to make grants to CDFI's.

Total copies 550  
Total cost \$ 66.00  
Cost per copy \$ .12  
Date 4-5-94  
S. C. Legislative Council